County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE
713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
http://cao.co.la.ca.us

P-7

DAVID E. JANSSEN
Chief Administrative Officer

January 27, 2005

To: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

SACRAMENTO UPDATE

Impact of the Governor's Budget on the County

As reported in our January 10, 2005 Update, the Governor's budget seeks to close a $9.1 billion budget gap, primarily through a combination of $5.7 billion in cuts and savings, and $3 billion in borrowing. Attachment I summarizes the estimated revenue loss to the County from various reductions in the Governor's Budget. The total loss is $161.1 million. The proposal to cap State participation in wages and benefits for the In-Home Supportive Services Program at the minimum wage accounts for some 45 percent of the loss. Since the County's contract, which covers over 100,000 providers, expires on June 30, 2005, the proposal complicates negotiations over a new contract.

Attachment II provides the details for the $33.3 million loss that would result from the Governor's proposal to suspend most mandates on local government. The schedule, which was prepared by the Auditor-Controller's office, lists by County department, the State mandated programs and services that would normally be delivered in FY 2005-06. The first column contains the estimated cost to the County of providing the service, the second the amount of reimbursement to the County provided for in the Governor's Proposed Budget, and the third, the unfunded balance the County would have to absorb if it continued to provide the service. If the Legislature adopts the Governor's recommendation, the mandates with a zero in the second column would be suspended, presenting the Board with the choice of either suspending the program or service until State funding is restored in a future budget, or paying for it with County funds without any reimbursement by the State in the future.

The proposed suspension of Proposition 42 transportation funds for another year would result in significantly less funding for street and road repaving and repairs in the unincorporated areas. It comes at a particularly bad time given the damage to roads from recent storms.

LACERA Boards Vote to Oppose Defined Contribution Pension Proposal

Yesterday, the Boards of Retirement and Investment meeting jointly voted to oppose ACA X1 1 (Richman) and ACA 5 (Richman), two proposed constitutional amendments that would prohibit all non-federal public employees in California hired after July 1, 2007 from being enrolled in a defined benefit plan and instead require their participation in a defined contribution pension plan. The Boards' action followed a report by their actuary that such a change would result in an underfunding of the existing defined benefits plan which would continue for employees hired prior to July 1, 2007. The shortfall would result from the fact that the current actuarial assumptions and contribution rate assume that the unfunded liability of the defined benefit plan will be paid for over 30 years based on a certain percentage of total payroll. If new hires' portion of the payroll is no longer used to pay down the existing plan's unfunded liability, the County's contribution rate must increase.

The actuary estimates that the County's contribution rate would have to increase 3.66 percent which "could be expected to increase the County contributions by $206 million for the fiscal year ending June 30, 2008." For the next ten years, the County would experience a declining net loss from the change before realizing a net savings of $27 million in 2019. According to the actuary's estimates at the end of their memo (Attachment III), the County's cumulative net savings from the change would not exceed its higher costs in the initial years until 2025.

Revenue Volatility in California

The Legislative Analyst's Office (LAO) recently released a brief and relatively understandable analysis of the volatility of California's revenue system over the past 25 years. While the tremendous swings in State revenue from a 20 percent increase in FY 1999-2000, to a 17 percent decline in FY 2001-2002, are all too familiar to counties that are still adjusting to the resulting State budget reductions, the LAO's analysis, by taking the longer view based on a quarter century of experience, concludes that fluctuations in revenue are unavoidable in a State such as California that has a dynamic, expanding economy and a progressive tax system. The LAO concludes, however, that the extreme volatility of recent years resulting from the stock market's boom and bust "will likely prove to be an historical anomaly."

Some of the key conclusions in the report include:

- While volatility is an inherent characteristic of the State's tax system, the degree of volatility increased markedly after 1990, and that all of the increase was related to the personal income tax.

- The short-term elasticity of the revenue system (or the extent to which a change in personal income will yield a change in total revenues) changed dramatically from 1.39 in the FY 1979-80 through FY 1990-91 period, to 3.51 in the FY 1991-92 to FY 2003-04 period. As a result, for every 1 percent change in personal income, total revenues increased or decreased 3.51 percent.

- The dramatic increase in the tax system's volatility in the FY 1991-92 to FY 2003-04 period was entirely the result of an unprecedented increase in stock market related revenues from stock options and capital gains, from about $2 billion in FY 1995-96 to a peak of $17 billion in FY 2000-01, before dropping to about $5 billion in FY 2002-03. Since virtually all of these increases and decreases in personal income primarily affected wealthy taxpayers in the highest income tax brackets, the impact on the revenue system was magnified.

- Even after excluding the abnormal increases from stock market related revenues, the underlying volatility of a roughly $80 billion revenue system is such that relatively small and hard-to-predict changes in the economy can result in forecasting discrepancies and large, unanticipated swings in total revenue.

- The underlying volatility of the tax system is largely the result of a dynamic State economy with large cyclical industries such as high technology and housing, as well as large fluctuations in domestic in-migration, and the State's highly progressive personal income tax that provided an ever-larger share of State revenue as income growth in the 1990's tended to occur disproportionately at higher income levels. While these factors may moderate, they are not going to disappear; therefore the volatility of the tax system will be a ongoing problem.

- Since State policy makers can do little about the State's economy, the LAO concludes that they really have only two basic options: change the tax system, primarily in ways that would make it less progressive, which would shift more of the tax burden to middle and lower income taxpayers and reduce State revenue; or adopt a budget strategy to deal with the downside of revenue volatility by using a significant portion of the revenue gain in good years for one-time purposes and for building a budget reserve to deal with the normal fluctuations of the economy and tax system. In that regard, the LAO indicates that the progressively larger reserve targets established by Proposition 58, which is supposed to eventually reach $8 billion or 5 percent of General Fund revenues, would go a long way toward creating the kind of reserve needed, though meeting those targets will be difficult in the current budget environment.

The report is available at the LAO's internet site at www.lao.ca.gov.

We will continue to keep you advised.

DEJ:GK
MAL:JR:ib

Attachment

c: Executive Officer, Board of Supervisors
County Counsel
Local 660
All Department Heads
Legislative Strategist
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants

ESTIMATED LOSS TO LOS ANGELES COUNTY FROM THE FY 05-06 GOVERNOR'S BUDGET
(Dollars in Millions)

Reduction in State Participation in IHSS Wages / Benefits		$ 73.4
Suspension of State Mandates		33.3
Elimination of Juvenile Justice Grants		27.9 *
Probation:	$15.0	
Mental Health	5.5	
DCFS	.6	
District Attorney	.3	
DHS/Alcohol and Drug	1.1	
Parks / Recreation	.5	
Sheriff	.4	
Community / Senior Services	.2	
CDC / Housing	.6	
Non-County Recipients	3.6	
Public Works: Suspension of Proposition 42 Transportation Funds		24.7
Assessor: Reduction in Property Tax Grants		1.4
DPSS: Leader Reduction		.2
Public Library: Reduction in Library Foundation		.2
Total Loss		$ 161.1

* This program is forward funded so that the loss does not occur until FY 06-07.

This table represents the loss of State funds based upon the Governor's January Budget. It does not reflect the actual impact on the County or a department's budget which may assume a different level of State funding or be able to offset lost revenue.

SB90 County Costs and State Reimbursements per January 10, 2005 State Budget Proposal
For Fiscal Year [FY] 2005-06

	[a] -	[b] =	[c]
Department/Program	**FY 05-06 County Cost**	**FY 05-06 State Reimbursement**	**Unfunded State Mandate Cost**
Assessor			
CH 486/75, Mandate Reimbursement Proce	$3,014	$0	$3,014
CH 1242/77, Senior Citizen's Prop. Tax Pos	65,404	65,404	0
Total	**$68,418**	**$65,404**	**3,014**
Auditor-Controller			
CH 486/75, Mandate Reimb. Proc- Acct. Di	$432,817	$0	$432,817
CH 486/75, Mandate Reimb. Proc- Tax Div	3,993	0	3,993
CH 697, ERAF	35,166	35,166	0
CH 39, CRA	9,156	0	9,156
CH 921, Countywide Unitary Tax Rate	No Costs [N/C]	Not Applicable [N/A	0
Total	**$481,132**	**$35,166**	**$445,966**
District Attorney			
CH 1399/76, Child Abduction & Recovery	$2,433,581	$0	$2,433,581
CH 1114/79, Not Guilty By Reason of Insan	69,035	69,035	0
CH 762/95, Sexually Violent Predators	1,929,080	1,929,080	0
CH 1418/85, Mentally Disorder Off. Ext.	218,335	218,335	0
CH 486/75, Mandate Reimbursement Proce	50,266	0	50,266
CH 1036/78, Mentally Dis. Sex Off.: Ext.	5,427	5,427	0
CH 694/75, Develop. Disabled: Attorney's S	8,662	8,662	0
CH 546, Extended Commit. Youth Authorit	N/C	N/A	0
Total	**$4,714,386**	**$2,230,539**	**$2,483,847**
Grand Jury			
CH 1170 Grand Jury Proceedings	$418,325	$0	$418,325
Total	**$418,325**	**$0**	**$418,325**
Regional Planning			
Ch 1143, Regional Hous. Need Deter.	$12,595	$0	$12,595
CH 486/75, Mandate Reimbursement Proce	76,248	0	76,248
CH 641/86, Open Meetings	10,969	10,969	0
Total	**$99,812**	**$10,969**	**$88,843**
Treasurer & Tax Collector			
CH 1242/77, Sr. Citizen's Prop. Tax Post.	$10,000	$10,000	$0
CH 783, Investment Reports	N/C	N/A	0
Total	**$10,000**	**$10,000**	**$0**

Schedule 1
SB90 County Costs and State Reimbursements per January 10, 2005 State Budget Proposal
For Fiscal Year [FY] 2005-06

	[a] -	[b] =	[c]
Department/Program	**FY 05-06 County Cost**	**FY 05-06 State Reimbursement**	**Unfunded State Mandate Cost**
Registrar-Recorder			
CH 77/78, Absentee Ballots	$2,750,000	$0	$2,750,000
CH 77/78, Absentee Ballots II	N/C	N/A	0
CH 704/75, Voter Registration	217,800	0	217,800
CH 1422/82, Permanent Absent Voters	979,189	0	979,189
CH 486/75, Mandate Reimbursement Proce	13,095	0	13,095
CH 18, Presidential Primaries	N/C	N/A	0
Total	**$3,960,083**	**$0**	**$3,960,083**
Sheriff's			
CH 1460/89 Administrative License Suspen	$79,616	$79,616	$0
CH 1114/79, Not Guilty By Reason of Insan	9,460	9,460	0
CH 762/95, Sexually Violent Predators	1,569,733	1,569,733	0
CH 246/95, Domestic Viol. Arrests Policies	438,854	438,854	0
CH 820/91, Prisoner Parental Rights	1,329,645	0	1,329,645
CH 1171/89, Peace Officer's Cancer Presum	526,177	526,177	0
CH 486/75, Mandate Reimbursement Proce	74,024	0	74,024
CH 999/91, Rape Victim Counseling Center	54,692	54,692	0
CH 465/76, Peace Officers Bill of Rights	3,769,462	3,769,462	0
CH 1418/85, Mentally Disorder Offenders E	90,541	90,541	0
CH 1120/96, Health Benefits, Peace Officer	25,518	25,518	0
CH 1597, AIDS Testing	292,024	0	292,024
CH 337, Stolen Vehicle	39,721	39,721	0
CH 126, Law Enforc. Sexual Harassment	N/C	N/A	0
CH 444, Elder Abuse Training	N/C	N/A	0
CH 502, Sex Crime Confidentiality	39,905	0	39,905
CH 908, Megan's Law	490,693	0	490,693
Total	**$8,299,465**	**$6,603,773**	**$1,695,693**
Public Defender			
CH 762/95, Sexually Violent Predators	$1,724,849	$1,724,849	$0
CH 694/75, Developmentally Disabled: Atty	14,123	14,123	0
CH 1304/80, Conservator Develop. Disable	90,750	90,750	0
CH 1036/78, Mentally Dis. Sex Off.: Ext.	3,655	3,655	0
CH 1114/79, Not Guilty By Reason of Insan	64,535	64,535	0
CH 486/75, Mandate Reimbursement Proce	20,902	0	20,902
CH 1418/85, Mentally Disorder Offenders E	226,986	226,986	0
Total	**$2,145,801**	**$2,124,899**	**$20,902**

Schedule 1
SB90 County Costs and State Reimbursements per January 10, 2005 State Budget Proposal
For Fiscal Year [FY] 2005-06

	[a]	- [b]	= [c]
Department/Program	**FY 05-06 County Cost**	**FY 05-06 State Reimbursement**	**Unfunded State Mandate Cost**
Children & Family Services			
CH 654/96, Seriously Emotionally Disturbe	$10,056,593	$0	$10,056,593
Total	**$10,056,593**	**$0**	**$10,056,593**
Animal Care & Control			
Animal Adoption	$477,345	$477,345	$0
Total	**$477,345**	**$477,345**	**$0**
Mental Health			
CH 1747/84, Handicapped Students - note 1	$5,195,281	$0	$5,195,281
CH 654/96 Seriously Em. Disturbed - note 1	8,566,677	0	8,566,677
CH 641/86, Open Meetings Act II	13,568	13,568	0
note 1: **Total**	**$13,775,526**	**$13,568**	**$13,761,958**
County cost after $14.1 million IDEA offset			
Coroner			
CH 486/75, Mandate Reimbursement Proce	$8,860	$0	$8,860
CH 955/89, Sudden Infant Death Autopsy	307,474	0	307,474
CH 498/77, Coroners (SMAS)	38,000	38,000	0
Total	**$354,334**	**$38,000**	**$316,334**
Probation			
CH 183/92, Domestic Viol. Treat. Serv.	$595,200	$595,200	$0
CH 641/86, Open Meetings Act II	4,763	4,763	0
CH 486/75, Mandate Reimbursement Proce	2,994	0	2,994
CH 1090, Child Abuse Treat. Auth & Mgmt	73,326	0	73,326
Total	**$602,956**	**$599,963**	**$2,994**
Health Services			
CH 961, Pacific Safety Beaches	$209,330	$209,330	$0
CH 1603, Prenatal Services	317,577	317,577	0
CH 486/75, Mandate Reimbursement Proce	28,885	0	28,885
CH 268, SIDS: Contact Local Health Office	30,773	0	30,773
CH 641/86, Open Meetings Act II	39,291	39,291	0
CH 1597, AIDS Testing	445,972	0	445,972
Total	**$625,856**	**$566,198**	**$59,658**
Board of Supervisors			
CH 641/86, Open Meetings Act II	$282,507	$282,507	$0
Total	**$282,507**	**$282,507**	**$0**

Schedule 1
SB90 County Costs and State Reimbursements per January 10, 2005 State Budget Proposal
For Fiscal Year [FY] 2005-06

	[a] -	[b] =	[c]
Department/Program	**FY 05-06 County Cost**	**FY 05-06 State Reimbursement**	**Unfunded State Mandate Cost**
Fire			
CH 486/75, Mandate Reimbursement Proce:	$1,343	$0	$1,343
CH 1568, FF Cancer Presumption	475,117	475,117	0
CH 961, Pacific Safety Beaches	3,630	3,630	0
CH 1111, SIDS: Fire Fighters	N/C	N/A	0
CH 1188, Very High Fire Hazard	N/C	N/A	0
Total	**$480,090**	**$478,747**	**$1,343**
Public Works			
CH 486/75, Mandate Reimbursement Proce:	$189	$0	$189
CH 641/86, Open Meetings Act II	1,010	1,010	0
Total	**$1,199**	**$1,010**	**$189**
Grand Total	**$46,853,830**	**$13,538,088**	**$33,315,742**

A MILLIMAN GLOBAL FIRM
Milliman
Consultants and Actuaries

1301 Fifth Avenue, Suite 3800
Seattle, WA 98101-2605
Tel +1 206 624.7940
Fax +1 206 623.3485
www.milliman.com

January 24, 2005

Ms. Marsha Richter
Chief Executive Officer
LACERA
P. O. Box 7060
Pasadena, CA 91109-7060

Re: Cost Impact of Richman Proposal

Dear Marsha:

The purpose of this letter is to estimate the fiscal impact of proposed changes to LACERA whereby all new County employees hired after July 1, 2007 become members of a new defined contribution retirement plan and not members in the current LACERA defined benefit program (Richman Proposal). The figures presented in this letter have been estimated based on the findings in the June 30, 2003 valuation report. This is the most recent LACERA valuation report available at the time.

FISCAL IMPACT

A. Close off of current defined benefit plan.

Based on our preliminary understanding of the provisions in this proposal and the data, methods and assumptions described below, we estimate that the required County contribution rate would increase by 3.66% of pay to reflect the loss of future contributions as described below. This could be expected to increase the County contributions by $206 million for the fiscal year ending June 30, 2008. If implementation is adopted prior to the completion of either the 2005 or 2006 actuarial valuations, the cost increase would need to be reflected in those valuations and could impact the County's contributions earlier.

The current County contribution rate for the defined benefit plan is based on the assumption the Unfunded Actuarial Accrued Liability (UAAL) amount is amortized, or paid for, over a 30-year period as a percentage of total payroll. Total payroll includes both current members and future employees who replace retiring or terminating members.

For purposes of this letter, we have assumed that if new employees are covered by a new defined contribution plan, their salaries will no longer be a basis for making contributions to amortize the existing UAAL amount. Therefore, the payments toward the UAAL will be paid out as a percentage of salary for a declining group. If the contribution rate remained the same, this would result in fewer dollar contributions than otherwise expected. Thus, without including the salaries of the new employees, a higher County amortization payment is needed. We estimate this increase to be 3.66% of pay.

B. Estimated Total County Contributions for both old and new plans.

In addition to computing the impact on the current defined benefit plan, we have estimated the combined impact of the proposal on County contributions for both the closed down defined benefit (DB) plan and a hypothetical defined contribution (DC) plan combined. The assumed contributions to the new defined contribution plan and its provisions are based on the assumptions described in the Supplemental Information section of this letter.

Projected Total County Contribution Payments After July 1, 2007
(all amounts in billions)

	For Ten Years 2007- 2017	For Twenty Years 2007- 2027
Proposed Plan Changes	$ 11.67	$ 24.81
Current Plan Benefits	$ 10.38	$ 25.74
Increase/(Decrease)	$ 1.29	$ -0.94

The first year in which savings emerge is 2018/2019. There would not be a cumulative net savings until 2024/2025.

Details of these projected County contribution payments are shown in the attached exhibit. The results of our study on future combined County contributions will vary depending on what provisions are included in the new defined contribution plan. We have provided this projection of contributions based on a hypothetical defined contribution plan to better understand how the two pension plans combined will compare to the contributions that would have been payable under the current LACERA plan provisions without any changes.

Note that all projections are based on the assumptions described in this letter. The costs in this letter would be less if current members with longer service transfer to the new defined contribution plan, or if less than 9% in County contributions are made to the new plan. The 9% contribution rate may be overstated if members do not participate in the new plan, or could be understated due to the higher maximum contributions permitted for safety members. For illustration purposes we have assumed these two features of the new defined contribution plan will be somewhat offsetting, resulting in a reasonable estimate of 9% for the County contributions to the new plan.

Note, since the County employees are not currently covered by Social Security, the County would need to consider a minimum level of contributions to the new defined contribution plan or join Social Security.

SUPPLEMENTAL INFORMATION

SUMMARY OF PROVISIONS UNDER HYPOTHETICAL PLAN

The proposed legislation we reviewed did not provide any specific details regarding the features of the new proposed defined contribution plan. However, some of the features have been discussed in various media articles. From those articles, we were able to provide an estimate regarding what type of contributions would be permitted under the new plan.

We have prepared the actuarial cost impact for this proposal based on our understanding of the key features:

- Effective July 1, 2007 all new employees of the County would participate in a new defined contribution plan and would not be eligible to participate in the current defined benefit plan currently provided by LACERA.
- The County contributions to each employee's defined contribution account would be no more than 9% for general members and 12% for safety members, assuming the employees also make matching contributions. The County employees do not participate in Social Security; thus, these maximum contributions would be permitted.
- If the employees do not contribute to the defined contribution plan at all, the County contributions would be no more than one-half of the amounts stated: 4.5% for general members and 6% for safety members.
- There are no death or disability benefits provided by the new defined contribution plan.

DATA, METHODS AND ASSUMPTIONS

We have developed this analysis based on the data, methods, and assumptions contained in the June 30, 2003 actuarial valuation report. In addition, we made the following assumptions with respect to this proposal:

- For purposes of projecting the County's total payroll for all employees, we have assumed it increases the same as the wage growth assumption at 4% per year. This assumption implies a level employee population, with total payroll increasing due solely to wage inflation.
- In determining the estimated future County contributions under the current LACERA defined benefit plan we assumed the County contribution rate remains constant at the current 14.65% rate. This is comprised of a normal cost rate of 9.99% and a UAAL contribution rate of 4.66% which amortizes the June 30, 2003 valuation over 30 years as of that date.
- We have for these illustration purposes assumed that starting July 1, 2007 all current employees remain in the current defined benefit plan and that none of them elect to move their LACERA plan interests over to the new defined contribution plan. All new employees as of July 1, 2007 participate in the new defined contribution plan.
- Although the proposal reportedly provides for different levels of maximum employer contributions to the new defined contribution plan, we assumed for illustration purposes only, that the County would contribute 9.0% of salary for all new employees, regardless of class or their employee contributions to the new plan. This is a simplified assumption for illustration purposes and because we are only using a hypothetical plan for this letter.
- We assumed that this is the only benefit provision being considered. If other provisions or different plan changes are enacted, the costs reported in this letter may be different.

- We have not made any adjustment for actuarial gains or losses that may emerge after the last valuation date, June 30, 2003. In particular, we expect the results of the June 30, 2004 valuation for the current defined benefit plan will be different from the June 30, 2003 valuation due to the recognition of delayed asset losses from 2002 and 2003 and asset gains from 2004.
- In addition, these costs will change if the proposed changes in the actuarial assumptions are adopted by the Board in the near future. Therefore, the incremental cost due to the loss of future contributions will be different based on the 2004 valuation results.
- Current assumption. If the defined benefit plan is closed to new members, then the future liquidity requirements of the plan would be dramatically different than current expectations. Therefore, the asset allocation may change, necessitating a lower assumed rate of investment return, resulting in further increases in contributions.
- These cost estimates are subject to the uncertainties of a regular actuarial valuation; the costs are inexact because they are based on assumptions that are themselves necessarily inexact, even though we consider them reasonable. Thus, the emerging costs may vary from those presented in this letter to the extent actual experience differs from that projected by the actuarial assumptions.

This information is for the exclusive use of the Los Angeles Employees Retirement Association (LACERA) for the purposes stated herein. The information provided may not be appropriate for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

I, Karen I. Steffen, am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

If you have any questions, please call.

Sincerely,

Karen I. Steffen

Karen I. Steffen, F.S.A., M.A.A.A.
Consulting Actuary

KIS/nlo

Enclosure

cc: Mr. Gregg Rademacher
Mr. Dave Muir
Mr. Nick Collier

LACERA

Estimated Cost Impact of Richman Proposal on County Contributions

All Values in Millions of Dollars

Year Ending 6/30	Current Plan County Contributions	Richman Proposal County Contributions: Closed DB Plan	Richman Proposal County Contributions: New DC Plan	Richman Proposal County Contributions: Total	County Contribution Savings
10-Year Total:	$ 10,378	$ 10,408	$ 1,261	$ 11,669	$ (1,291)
20-Year Total:	$ 25,741	$ 17,683	$ 7,122	$ 24,805	$ 936
2008	$ 864	$ 1,060	$ 10	$ 1,070	$ (206)
2009	899	1,061	31	1,092	(193)
2010	935	1,060	53	1,113	(178)
2011	972	1,058	77	1,135	(163)
2012	1,011	1,053	104	1,157	(146)
2013	1,052	1,046	132	1,178	(126)
2014	1,094	1,037	162	1,199	(105)
2015	1,138	1,026	195	1,221	(83)
2016	1,183	1,012	230	1,242	(59)
2017	1,230	995	267	1,262	(32)
2018	1,280	976	306	1,282	(2)
2019	1,331	956	348	1,304	27
2020	1,384	933	392	1,325	59
2021	1,439	908	438	1,346	93
2022	1,497	882	486	1,368	129
2023	1,557	566	678	1,244	313
2024	1,619	546	726	1,272	347
2025	1,684	525	776	1,301	383
2026	1,751	503	828	1,331	420
2027	1,821	480	883	1,363	458

This Exhibit was prepared based on the assumptions as stated in the accompanying letter. Any reader of this Exhibit should read the statements presented in the letter to understand the information presented above.